

Message Text

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STADIS//////////

LIMDIS - FOR ROGERS

FOL RPT PANAMA 4689 ACTION SECSTATE 3 JUL QUOTE

C O N F I D E N T I A L PANAMA 4689

STADIS

DEPT FOR ARA/PAN ONLY

E.O. 11652: GDS

TAGS: PINT, PFOR, PN

SUBJECT: LOCAL ATMOSPHERE: EVERYBODY'S ANTSY

SUMMARY: A GENERAL UNEASINESS PERVADES PANAMA. THE MAJOR REASONS FOR IT ARE THE STATUS OF THE NEGOTIATIONS AND THE ECONOMIC SITUATION. BUT THE REAL PROBLEM IS GROWING LACK OF PUBLIC CONFIDENCE IN THE GOP AND IN TORRIJOS HIMSELF. DOMESTIC RESTIVENESS INCREASES, INTERNATIMNAL SOLIDARITY CANNOT BUY IT OFF--THE GENERAL AND HIS REGIME APPEAR TO BE ADRIFT.

THIS SITUATION HAS NOT TRANSLATED INTO OPEN POLITICAL OPPOSITION, IN OUT VIEW, LARGELY BECAUSE NO ONE CAN SEE A VIABLE ALTERNATIVE TO TORRIJOS. THE PECULIAR AND
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WELL-KNOWN NATURE OF THE GENERAL IS THAT HE, AND HIS GOVERN-

MENT, REACT MUCH MORE RATIONALLY ON ALL MATTERS WHEN THEIR CONFIDENCE IN THEMSELVES AND THEIR POLICIES IS GREATEST. DOMESTIC DISCONTENT MAKES FOR AN UNEASY GENERAL AND, WE ARE CONVINCED, WE NOW HAVE ONE WHOSE CONFIDENCE HAS BEEN SERIOUSLY ERODED. END SUMMARY.

1. THERE IS A GENERAL AIR OF UNEASE HERE WHOSE CURRENTS CIRCULATE, WITH LITTLE APPARENT DISTINCTION BY CLASS OR IDEOLOGICAL ORIENTATION, THROUGHOUT PANAMANIAN SOCIETY. ITS CAUSES ARE CLEAR THOUGH NOT PRECISELY DIFINED, UNDERLYING RATHER THAN INCIDENTAL. IT HAS MORE TO DO WITH PEOPLE'S OVERALL LACK OF CONFIDENCE IN THE GOVERNMENT AND GOVERNMENT'S APPARENT LACK OF CONFIDENCE IN ITSELF, THAN THE STATUS OF THE TREATY NEGOTIATIONS, OR THE STATE OF THE ECONOMY, THOUGH THESE TWO FACTORS ARE THE MAJOR CONTRIBUTORS TO IT. THERE APPEARS TO BE A WIDESPREAD APPRECIATION, CONSCIOUS AND ARTICULATE IN THE MINDS OF SOME, TENTATIVE AND INTUITIVE ON THE PART OF OTHERS, THAT PANAMA, AND HER GOVERNMENT, ARE AT A STANDSTILL. IT IS AS IF POLITICS AND POLICIES ARE SOUNDING IN AN ACOUSTICALLY DEAD CHAMBER.

2. THE TWO PRINCIPAL CONTRIBUTORS TO THIS MOOD ARE THE CANAL TREATY NEGOTIATIONS AND THE ECONOMIC LOW. IN THE FORMER CASE, THERE HAS BEEN NO VISIBLE, PUBLICIZED CONFIRMATION FO PROGRESS, OR MORE THAN PASSING COMMENT ON PERSISTENT AREAS OF DISAGREEMENT, FOR A GREAT MANY MONTHS. THE ONLY DOCUMENT TO COMMENT ON THE NEGOTIATIONS, THE OASGA JOINT REPORT, HAS BEEN MOST FREQUENTLY DISMISSED, DESPITE THE ENCOMIA IT GOT FROM THE PRESS (OR PERHAPS BECAUSE OF IT), AS A PLACEBO. OTHER STATEMENTS BY GOVERNMENT MINISTERS AND TORRIJOS HAVE BEEN PUT IN THE MOST GENERAL OF TERMS. WHILE NOT DISHEARTENING, NEITHER HAVE THEY BEEN PERCEIVED AS REASSURING. MODERATE, MIDDLE-OF-THE-ROAD, THEY HAVE HAD BUT A TEPID IMPACT.

3. THE GENERALS'S LATEST PRESS CONFERENCE ADDED NOTHING NEW EXCEPT TO REINFORCE A GENERAL CONCERN OVER TORRIJOS' MANNERS AND MANNERISMS, AND A WIDESPREAD DISTASTE FOR CONFIDENTIAL

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THE SAME. EMBASSY HAS MET WITH SCARCELY ANY PANAMANIAN WHO WAS SATISFIED WITH TORRIJOS' HANDLING OF HIMSELF OR QUESTIONS PUT TO HIM. HUMBLE AND MIDDLE-CLASS PANAMANIANs WERE ALARMED AND CHAGRINED; EVEN TORRIJOS' OWN INFORMATION ADVISER (VELARDE) WAS DISSATISFIED.

4. BUT TREATY MATTERS ARE NOT THE SOLE, NOR IN OUR VIEW EVEN THE MOST CENTRAL, CAUSE OF THE RESTIVENESS

WE PERCEIVE. PANAMA'S ECONOMY, WHILE ITS DECLINE MAY HAVE 'BOTTOMED OUT', DOES NOT APPEAR TO BE PICKING UP WITH ANY SPEED OR DYNAMISM. UNEMPLOYMENT REMAINS HIGH, BUSINESS INVESTMENT LOW. THE GOP HAS SOUGHT, THROUGH SEMINARS AND CONSULTATIONS, TO ASSUAGE BUSINESS CRITICISM OF ITS POLICIES, SOUGHT TO INDUCE THE PRIVATE SECTOR INTO NEW INVESTMENT IN CHOSEN AREAS, BUT HAS RECEIVED SO FAR ONLY A GRUDGING RESPONSE. AT THE SAME TIME, THE POSSIBILITY OF GOP CONCESSIONS ON ASPECTS OF THE LABOR CODE OBJECTIONABLE TO THE PRIVATE SECTOR HAS AROUSED CONCERN FROM LABOR UNIONS WHO UNDERSTANDABLY ARGUE THAT IF SOMEONE MUST MAKE SACRIFICES, IT OUGHT NOT TO BE THE WORKER. THERE IS, ON THE PART OF CONSUMERS, A GROWING DISMAY OVER RETAIL PRICE INCREASES.

5. THESE FACTORS ARE AT ONCE CONTRIBUTORY TO, AND SYMPTOMATIC OF, A GROWING LACK OF CONFIDENCE IN THE GOVERNMENT'S ABILITY TO LEAD. ANCILLARY TO THE UNEASE OVER THE NEGOTIATIONS AND THE ECONOMY IS A MOUNTING AND SHARPENING ANGER WITH CORRUPTION IN THE GOVERNMENT, IN THE NATIONAL GUARD, AND AMONG THE CRONIES AND PARTNERS OF BOTH. FINALLY, THERE IS PERCEPTIBLY GREATER ANGER AND INTOLERANCE OF SOME OF THE GUARD'S HIGH-HANDED AND BRUTAL ACTIONS.

6. THIS GENERAL UNEASINESS HAS NOT--YET--TRANSLATED ITSELF INTO ACTIVE OR OVERT ANTI-GOVERNMENT OR ANTI-TORRIJOS ACTIVITY. THIS IS LARGELY DUE TO THE FACT THAT WE HAVE MET ALMOST NO ONE WHO SEES A CREDIBLE OR PALATABLE ALTERNATIVE TO HIM. PRICES, JOBS, HOUSING AND HEALTH ARE MORE AND MORE THE PRIMARY CONCERN. BUT WHY, ASK MANY, SHOULD CIVIL AND POLITICAL LIBERTIES BE SUPPRESSED WITH NO SATISFACTORY ECONOMIC OR TREATY

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PROGRESS TO REDEEM THEIR LOSS. IN THE FACE OF SUCH ESSENTIALLY NEGATIVE SUPPORT, THIS GOVERNMENT'S GLUE, ITS ONE AND ONLY UNIFYING FACTOR, HAS BEEN NATIONAL UNITY OVER THE CANAL ISSUE. TO BE BRIEF, WE ARE CONVINCED THAT THIS IS ALSO COMING UNGLUED.

7. MORE FOREIGN POLICY 'COUPS', TORRIJOS TRIPS, RESOLUTIONS OF SOLIDARITY FROM TOM, DICK AND HARRY, ESPECIALLY IN THE THIRD WORLD, EVOKE SLACK-FACED BOREDOM FROM MOST, EVEN INCLUDING MOST STUDENTS. PANAMA'S DELIBERATE POLICY OF VAULTING ITS 'CAUSE' ONTO THE WORLD STAGE HAS WORKED, BUT IN OUR JUDGEMENT ITS DOMESTIC BENEFITS HAVE PEAKED. IT WOULD ALSO APPEAR THAT THE POLICY HAS REACHED ITS LIMITS AMONG PANAMA'S LATIN AMERICAN SUPPORTERS. THE FULL TEXT OF PRESIDENT

LOPEZ' AMPHICTYONIC MESSAGE, WITH ITS INFERRED 'QUID PRO QUO' WAS UNCHARACTERISTICALLY NOT PUBLISHED IN THE NEWSPAPERS. ITS CONTENT DISTURBED AS SOPHISTICATED A DIPLOMAT AS CARLOS LOPEZ-GUEVARA; ITS EFFECT ON TORRIJOS CANNOT HAVE BEEN ANY MORE REASSURING. EMBASSY LIMA REPORTS THE BEGINNINGS OF MISGIVINGS IN PERU, OF WHICH THE GOP CAN HARDLY BE UNAWARE, OVER SOME OF THE IMPLICATIONS OF 'SOLIDARITY' WITH PANAMA. THESE TWO GOVERNMENTS ARE NOT EXCEPTIONS. IN OUR VIEW THEY ARE LIKELY TO BE THE RULE, AND A RULE WHICH MAY SOON BECOME MORE CLEARLY ENUNCIATED.

8. ALL THE ABOVE, DID IT ONLY REFLECT GENERALIZED WORRIES, WOULD PERHAPS BE INTERESTING ON ITS OWN, BUT THAT IS NOT THE POINT. THE POINT IS THAT ALL THESE FACTORS PRESS IN ON THE ONE MAN WITH REAL POWER IN THIS COUNTRY--TORRIJOS. POPULAR RESTIVENESS OVER A VARIETY OF ISSUES, MAKE FOR AN UNEASY GENERAL. HIS POLITICAL SESSORS ARE ATTUNED, HIS INSTINCTS SHREWD. HE CAN SCARCELY BE UNAPPRISED OF THE PREVAILING MOOD. HIS PROBLEM IS WHAT TO DO ABOUT IT.

9. POPULAR RESTIVENESS, GENERAL UNEASE, CYNICISM TOWARDS THE ADMINISTRATION, CAN NORMALLY BE COUNTERED BY A GOVERNMENT THROUGH "MAJOR NEW INITIATIVES". "BOLD NEW COURSES", ALL BRANDISHED ABOUT UNDER A FLURRY OF CONFIDENTIAL

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CATCHY SLOGANS. HERE WE SIMPLY DO NOT SEE ANY OF THOSE ON THE HORIZON. THE RECOVERY OF THE CANAL IS AN ISSUE UNDER NEGOTIATION. MAJOR UNILATERAL INITIATIVES ARE EITHER IMPOSSIBLE WITHOUT CONCURRENCE ON OUR PART, OR COUNTERPRODUCTIVE IF TORRIJOS WANTS A TREATY FROM THE U.S. CONGRESS. HE KNOWS THIS. WITH RESPECT TO HIS SINGLE GREATEST GOAL AS A LEADER, TORRIJOS IS NOT MASTER IN HIS OWN HOUSE.

10. NOT DOES HE ENJOY THE FREEDOM OF MOVEMENT AND INITIATIVE IN THE ECONOMIC SPHERE HE WOULD WISH. THE PRIVATE SECTOR AS A CLASS DERIDES HIM SOCIALLY, IN LARGE MEASURE DISLIKES HIM POLITICALLY, AND SO FAR LACKS BOTH DESIRE AND ABILITY TO RESOLVE HIS AO THEIR OWN ECONOMIC PROBLEMS WITHOUT A CONSIDERABLY CLEARER UNDERSTANDING OF THE ROLE HE ENVISAGES FOR IT IN THE COUNTRY'S ECONOMIC FUTURE AND THE "RULES OF THE GAME" EACH SIDE IS TO FOLLOW. EVEN WERE ALL THE CONSULTATIONS, PLEAS FOR UNDERSTANDING, AND ATTEMPTS TO PATCH UP GOVERNMENT-PRIVATE SECTOR RELATIONS TO HAVE HAD A RESOUNDING SUCCESS, IT IS UNLIKELY THAT DRAMATIC IMPROVEMENT WOULD BE FELT BEFORE THE END OF

THE YEAR. THAT MAY BE TOO LONG A TIME.

11. THE PECULIAR BUT WELL-KNOWN NATURE OF THE MAN AND HIS REGIME IS THAT HE AND IT REACT MUCH MORE CALMLY AND RATIONALLY ON ALL SUBJECTS WHEN THEY ARE MORE CONFIDENT RATHER THAN VIC VERSA. AT THE MOMENT, OMAR TORRIJOS, WE ARE CONVINCED, IS CONFIDENT OF NEITHER HIS DOMESTIC POLITICAL BASE, NOT OF HIS AND HIS GOVERNMENT'S FUTURE COURSE.

JORDEN UNQUOTE

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